



28 September 1964

The Honorable McGeorge Bundy  
Special Assistant to the President  
for National Security Affairs  
The White House  
Washington, D. C.

Dear Mac:

I had hoped to drop by your office personally with this but have gotten tied up in matters here at the Agency, preventing my departure this afternoon.

This is the memo I mentioned this morning which is now being processed with the rest of the intelligence community as a SNIE. However, I did want to make it available to you as the Agency's current judgment of the situation in the event the President or you needed it.

I look forward with high anticipation to the meetings with Bill Sullivan. In this connection, Mr. McCone will be back Tuesday evening and I feel <sup>sure</sup> he will be included in any top-level meetings.

Faithfully yours,

Marshall S. Carter  
Lieutenant General, USA  
Acting Director

P. S. You should know that the latter portion of this paper, "Implications for the US," on pages 6 and 7, will not be in the SNIE since our SNIE-experts are reluctant to comment on such matters. However, I am not.

MSC:blp

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## MEMORANDUM

SUBJECT: Deterioration in South Vietnam

## CONCLUSION

The deluge of adversity being reported out of South Vietnam raises the question whether we may be on the verge of some sudden calamity. We believe that certain of this reporting is overly despairing and does not take sufficient heed of offsetting considerations. Nevertheless, the signs of deterioration are so many and so clear, in our view, that the odds now favor a continuing decay of South Vietnam will and effectiveness in coming weeks, sufficient to imperil the political base for present US policy and objectives in South Vietnam.

The likely pattern of this decay will be increasing South Vietnamese defeatism, paralysis of leadership, friction with Americans, exploring of possible lines of political retreat with the other side, and a general petering out of the war effort. Viet Cong pressures will meanwhile continue to increase--military action, terrorism, and political agitation--though we doubt that the Viet Cong will soon develop the capability to initiate a general uprising or to seize and hold power in Saigon, or indeed that this is their immediate aim.

All things considered, though a sudden collapse is possible at any time, present deterioration could continue for some time--possibly through the remainder of 1964--without bringing complete disaster to the US/GVN cause. If this deterioration does continue, however, there will be growing anarchy and a host of critical new problems for US area strategy and diplomacy, and possibly, for the safety of American lives and property in South Vietnam.

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The only reasonable tempering of this pessimistic estimate is to observe that in such a situation no single course of development is inevitable. It is still possible that the complex situation can improve, though the chances of such improvement are clearly very slim.

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1. We attempt below to examine critically the elements of the deteriorating situation, seeking to define its character, its time-scale, and its implications for the US.

THE GVN

2. The picture in Saigon. South Vietnam's capital city is almost leaderless at the present time. General Khanh has retained his position by making concessions to various interest groups which have pressed their demands upon him. In turn, these groups--political, religious, military, and labor--seem bent on pursuing self interest and factional quarrels at the price of anarchy. Low morale, lack of sense of purpose, and an absence of direction from above have rendered the civil law enforcement agencies passive and apathetic. Yet business does go on, the streets are not places of constant terror, and even the routine functions of government (aside from law enforcement) work fairly normally. There is great resilience in Vietnamese society. The crisis, thus, is essentially in leadership and in will to resist seemingly indefatigable Communist pressure.

3. GVN military morale. The continuing disarray of the Saigon government threatens to have serious repercussions on the morale and effectiveness of the military. It can be argued, statistically, that military operations are proceeding apace, despite the political troubles. It is clear that these operations are becoming increasingly mechanical, however, with the troops merely going through the motions. The aggressiveness, imagination, and ideological conviction necessary for an effective pacification effort are often sorely missing. With no other than routine orders coming down from the top, many field commanders respond only with perfunctory operations. In recent weeks Vietnamese commanders have repeatedly failed to intervene in civil disturbances and rioting in areas under their jurisdiction, because they lacked precise orders. They doubtless recall the case of Major Dang Sy, the officer sentenced to life imprisonment for giving the orders to fire on Buddhist

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demonstrators in Hue in May 1963. In our view, this lack of firm direction and the all too apparent squabbling among senior officers are having an increasingly adverse effect on the morale of troops and junior officers. Although the GVN armed forces have long had a high rate of desertion by individuals, there have been no important unit defections. If military morale continues to decline, however, defections by ARVN and Air Force units may occur and could snowball.

4. Signs of defeatism in GVN leadership.

Brigadier General Nguyen Duc Thang, J-3 of the Joint General Staff, has told a senior MACV officer that he feels there is little reason even to discuss further pacification planning, since there is no GVN leadership strong enough to provide impetus and direction to a pacification effort. General Nguyen Huu Co, the relatively able Second Corps commander, has also complained of lack of direction, and commented unfavorably upon what he alleges to be American control over the Montagnard strike forces. Lt. Colonel Tran Ngoc Chau, province chief of Kien Hoa, considered one of the most able officers among the corps of province chiefs, has recently expressed a sense of desperation, frustration, and pessimism with respect to the war. Even General Khanh himself has indicated a sense of being overwhelmed by his responsibilities and problems, and recently remarked to Ambassador Taylor that one of the few bright spots in his outlook was the fact that he had only a short time to serve as Prime Minister, presumably referring to the plans for a new government after 1 November 1964.

5. The Montagnard problem. The Rhade revolt of 20 September and the continuing possibility of further and more general uprisings by the Montagnard pose a very serious problem for the GVN. The prospects for a meaningful or lasting solution are bleak. The Montagnard have a violent dislike for and distrust of the lowland Vietnamese, and have sought autonomy for years. The Vietnamese on their part look down on the Montagnard; the GVN has consistently acted in a manner which has widened rather than lessened the breach between the two.

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The problem has been further compounded by constant and rather intensive Viet Cong political and psychological agitation among the Montagnard, playing on their aspirations and their dislike of the ethnic Vietnamese. Because there were some seventy Vietnamese killed by tribesmen during their revolt, the GVN is not likely to offer generous settlement terms to the Montagnard, and the GVN will almost certainly not consider giving them any sort of even limited autonomy. For their part, the Rhade and the other Montagnard are not likely to come to any real agreement with the GVN unless at least a defined promise of limited autonomy is offered. Thus, there will probably be continuing disorders in the Highland areas, diminishing cooperation with the GVN, and increasing Viet Cong influence.

6. Tensions in US-GVN relations. Until recently, US-GVN working relationships have for the most part been remarkably easy, considering the weight and scope of the US presence among a proud, ex-colonial people. In the last month or so, however, there has been a disturbing increase in anti-American sentiment at various levels of Vietnamese society. Recent demonstrations in Hue, Da Nang, Qui Nhon, and Nha Trang have had definite anti-American overtones. These were probably attributable in part to Viet Cong agitation and incitement, but in some measure they seem also to have reflected a genuine irritation at the Americans for various reasons having no direct connection with Viet Cong activity. For its part, the Buddhist leadership, whether anti-Communist or not, is imbued with intense nationalism which has at times manifested itself in opposition to US policies and actions. Suspicion of US motives and concern over US involvement in internal policy is growing among the top echelons of the GVN, and, most importantly, on the part of Khanh himself.

7. Non-Communist contacts with the Communists. There is no hard evidence that any of the present principal leaders of the GVN have been in recent contact with the Communists. It is likely, however, that the ineffective Secretary of State without Portfolio, Le Van Hoach, has been in touch with representatives of the "National Liberation Front." When this was called to General Khanh's attention,

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he said he was aware of it, but apparently attached little importance to it; indeed, Hoach does not have the makings of an important negotiator. The continued failure of the authorities to take firm action against the former Deputy Director of National Police, Colonel Tran Ba Thanh, is curious. The privileged treatment accorded this suspected Communist agent (now under loose house arrest) may indicate that the authorities are afraid to risk retaliation or are keeping a line open. There is no direct evidence, however, to support this.

3. Coup possibilities. Given the climate of frustration prevailing among the still powerful, old-line Vietnamese military officers, future coup attempts are almost certain. The ascendancy of the "Young Turk" officers, the Buddhists, and the somewhat suspect new "Peoples Revolutionary Council" since the abortive 13 September coup, has only intensified the deep bitterness existing among conservative officers to a point where they might strike against those they hold responsible for the current state of affairs: Buddhist agitators, Khanh, and the US. For their part, the "Young Turks" are again demanding of Khanh that he dismiss certain of these officers. Although no definite coup plans are known to be afoot, the atmosphere is typified by a recent remark of General Khiem's that a "radical solution" will have to be adopted if the situation continues to drift.

9. Alternatives to present GVN leadership. Present plans call for the establishment of a new, broadly-based, and predominantly civilian government by 1 November. Such a government could hold some promise. It might do a bit better than the present one, but we do not believe that this government would have the cohesion or effectiveness necessary to arrest the current decline. No visible alternative seems any more promising. Indeed, we cannot presently see any likely source of real leadership: no Magsaysay has yet appeared. None of the military personalities and factions seems capable of commanding a broad enough spectrum of support to generate the effective leadership required. Of non-military figures, the Buddhist leader Tri Quang is the strongest political personality and has demonstrated talents for leadership and

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organization. But he apparently desires to avoid such responsibility, and a Tri Quang government would face strong opposition from militant Catholics, some of the military, and certain other groups. Not least, it would be a difficult government for the US to work with, and some of its major policies would almost certainly not be consonant with US interests.

THE VIET CONG

10. Viet Cong Policy. There are numerous signs that Viet Cong agents have played a role in helping sustain the level of civil disorder which has recently prevailed in the cities of South Vietnam; they have also affected the tone and direction taken by some recent protest demonstrations. Their hand was evident in the recent riots in the capital of Binh Dinh Province, and they may have penetrated Dr. Le Khac Quyen's burgeoning "People's Revolutionary Council." Viet Cong propaganda throughout September has increasingly called upon the people to take advantage of the government's confusion by pressing on all fronts. This capitalizing on unrest is an old policy; what is new is the rich opportunity presented by the collapsing of GVN authority. The Viet Cong have apparently decided that heightened efforts on their part will reduce the country to near anarchy and the government to impotence, bringing an early "victory" in the form of a negotiated truce and a "neutralist" government dominated by their National Liberation Front.

11. The Viet Cong in the countryside. Available indicators suggest that the Viet Cong are not now aiming for a military or direct take-over in South Vietnam. They have been concentrating instead on small-scale terrorist activity aimed at furthering the breakdown of administration and the decline of faith in the government. During the first week after the abortive coup attempt of 13 September, the number of Viet Cong incidents rose to 975, the second highest weekly total on record. Most of this action was terrorism and harassment; military attacks, mostly small scale, accounted for only a small percentage of the incidents. Road and rail sabotage also reached the highest level since at least January 1963. Government casualties for the past two weeks of record have run about 900 a week, continuing the rising trend which began

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last June. The Viet Cong remain able to mount attacks of more than battalion strength on selected targets, and may undertake a series of such attacks in coming weeks.

12. Viet Cong capabilities in the cities. Considerable Viet Cong potential doubtless exists in Saigon and other cities, though there is little firm evidence available. In the closing days of the Diem regime, Vietnamese police and security agencies had a fairly good reading on the nature and extent of the Viet Cong apparatus in the capital area. We did not consider the Viet Cong threat serious there at that time. Immediately following the November 1963 coup, however, Colonel Tran Ba Thanh became Deputy Director of National Police. There are strong grounds for believing that Thanh may be a Communist agent; in any event he released some Key Viet Cong prisoners, destroyed Viet Cong dossiers in police archives, and placed at least one known Viet Cong agent in a key position within the police structure. Although Thanh was ousted when Khanh seized power, the Saigon police and security services have not recovered their anti-Communist capabilities. Viet Cong strength in the cities has almost certainly increased substantially in recent months. The fact that Communist agitation still remains under careful cover, however, suggests that the Viet Cong intend still to husband these assets and not risk them in a premature takeover attempt.

#### IMPLICATIONS FOR THE US

13. Assuming that the above estimate pattern of decline is valid, and that present US and Viet Cong policies continue their present general character:

a. We expect political disarray to begin being felt more than it has to date in the GVN military effort, reflected in an increase in foot-dragging, defeatism, and confusion of command.

b. We expect an increase in lack of responsiveness to US advice, in suspicions of US motives, and in anti-American sentiment.

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c. We will have to limp along with an increasingly mortgaged and tarnished leader, Khanh, with little prospect of much better, and considerable chance of simply further confusion if he is overthrown by coup.

d. With the passage of time there will be increasing chance that successor regimes would seek to arrange an end to the war and a differing relationship with the US.

e. We ~~can~~ expect an erosion of those elements of strength and promise which have justified US policy decisions since 1961. This does not mean that the US position in South Vietnam is hopeless. We still have some time. But, in that time the US will face a host of serious new problems: among them, the scale and nature of US military commitment in the Indochina area; the question of alternative policies in the event the US decides that South Vietnam cannot generate sufficient energy to stave off a negotiated settlement; and the protection of US lives and property in South Vietnam in extremis.

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